

**REMARKS**

Reconsideration of this application is respectfully requested in view of the foregoing amendment and the following remarks.

By the foregoing amendment, the specification has been amended, claim 2 has been canceled, and claims 1, 18, 19, and 43 have been amended. Claims 1 and 3-48 remain pending.

In the Office Action mailed March 14, 2001, the Patent Office (PTO) indicated that the oath/declaration is defective for lack of citizenship information of each inventor and a new oath/declaration is required. The PTO also objected to the specification and claim 18 for certain informalities. Furthermore, the PTO rejected claims 19 and 43 under 35 U.S.C. 112, second paragraph, for indefiniteness; claims 1-35, 37-42, and 44-48 under 35 U.S.C. 102(b) as being anticipated by Carlisle et al. (U.S. Patent No. 5,649,118); claims 1-7 and 13-17 under 35 U.S.C. 102(e) as being anticipated by Taskett (U.S. Patent No. 5,991,748); claim 36 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of Taskett; and claims 36 and 43 under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. in view of Hogan (U.S. Patent No. 5,557,516).

**Defective Oath/Declaration**

Applicants are in the process of executing a corrected oath/declaration. Upon a notice of allowance of the present application, Applicants will submit the corrected and executed oath/declaration with all required information, including citizenship information of each inventor.

**Objections to the Specification and claim 18**

By the foregoing amendment to the Specification and claim 18, Applicants respectfully submit that all of the informalities pointed out by the PTO have been corrected. Accordingly, Applicants respectfully request the withdrawal of the objections to the Specification and claim 18.

**Rejection of claims 19 and 43 under 35 U.S.C. 112, Second Paragraph**

By the foregoing amendment to claims 19 and 43, Applicants respectfully submit that the indefiniteness language pointed out by the PTO has been corrected. Accordingly, Applicants respectfully request the withdrawal of the rejection of these claims under 35 U.S.C. 112, second paragraph.

**Rejection of claims 1-35, 37-42 and 44-48 under 35 U.S.C. 102(b)**

With regard to the PTO's rejection of claims 1-35, 37-42, and 44-48 under 35 U.S.C. 102(b) as being anticipated by Carlisle et al., Applicants respectfully traverse the rejection for at least the following reasons:

The PTO stated on page 4 of the outstanding Office Action that,

“Carlisle et al. disclose a system and method for performing a financial transaction, including a first electronic application with application-specific value (e.g., Visa, MasterCard, Discover, food stamp, welfare programs, unemployment Accounts A, B, n) (Figure 11; column 2, line 25 et seq), a second application for storing general value (e.g., electronic purse; residual account 1522, saving accounts, checking accounts) (e.g., column 13, line 14 et seq; column 21, line 50 et seq)...”

However, Applicants respectfully submit that Carlisle et al. actually teach away from a system and method having both a first application with application-specific value and a second application with general value. Indeed, Figure 11 of Carlisle et al. may provide multiple applications 1109, 1110, ..., 1111 having multiple accounts A, B, ..., n and those accounts may be implemented, according to Column 2 (lines 25+) of Carlisle et al., by Visa, MasterCard, Discover ATM networks, food stamp programs, etc. However, the smart card of Carlisle is equipped with “smart card memory for storing a plurality of data files” (col. 2, ll. 21-22). Associated with each data file is “an account identifier for uniquely specifying a given account with an account balance and at least one item table identifier” (col. 2, ll. 24-26). Thus, each account of each data file has a table listing items that such account can be used to purchase or transact. Furthermore,

“If an item identifier [of an item presented at a point-of-sale terminal] does not correspond to any of the items in the item table [of each of the accounts A, B, ..., n], the cost of the item is retrieved from the cost table and added to a residual account which includes the costs of all items having item identifiers obtained by the item identification device which do not correspond to any of the items in the item table.” (Col. 2, ll. 52-58).

Thus, it is clear that each of the multiple applications shown in FIG. 11 of Carlisle et al. stores only application-specific value, i.e., a value for transaction of those particular items allowed and listed in an item table of each application. Furthermore, the residual account also stores only application-specific value, i.e., a value for transaction of those particular items that are rejected by the accounts A, B, ..., n of the multiple applications. See also col. 19, ll. 35-39, 49-52; col. 20, ll. 42-57 of Carlisle et al.. Accordingly, the multiple applications and their multiple accounts of Carlisle et al., be they Visa accounts, MasterCard accounts, electronic purse, residual accounts, etc., store only application-specific values, and not both application-specific and general values as stated in independent claims 1, 18, 25, 37 and their dependent claims 3-17, 19-24, 26-36, and 38-48 of the present invention.

Accordingly, Applicants respectfully submit that claims 1, 3-35, 37-42, and 44-48 are allowable over the references of record.

#### **Rejection of claims 1-7 and 13-17 under 35 U.S.C. 102(e)**

With regard to the PTO's rejection of claims 1-7 and 13-17 under 35 U.S.C. 102(e) as being anticipated by Taskett, the rejection is moot in view of the foregoing amendment to claim 1. Specifically, Applicants have canceled claim 2 and incorporated its limitation into claim 1, and amended such limitation to state that, “said application-specific value and said general value are each *exchangeable*.” (Emphasis added). Applicants respectfully submit that claim 1 and its pending dependent claims are allowable over Taskett because the application-specific value and general value, as asserted by the PTO to be disclosed by Taskett, are not exchangeable. This is admitted by the PTO from the lack of a rejection of claim 25 by Taskett, wherein claim 25 also states that the application-specific value and the general value are each exchangeable.

Accordingly, Applicants respectfully submit that pending claims 1, 3-7, and 13-17 are allowable over the references of record.

**Rejection of claims 36 and 43 under 35 U.S.C. 103(a)**

With regard to the rejection of claims 36 and 43, they are allowable over the references of record, individually or in combination, for at least the aforementioned reasons with regard to the independent claims 25 and 37. Accordingly, Applicants respectfully submit that claims 36 and 43 are allowable over the references of record.

**Conclusion**

For at least all of the above reasons, Applicants respectfully submit that the present invention is neither disclosed nor suggested by the references of record, and the claims now pending patentably distinguish the present invention from the references of record. Accordingly, reconsideration and withdrawal of the outstanding rejections and an issuance of a Notice of Allowance are earnestly solicited.

Attached hereto is a marked-up version of the changes made to the specification by the current amendment. The attached page is captioned "**Version with markings to show changes made.**"

Should the Examiner determine that any further action is necessary to place this application into better form, the Examiner is encouraged to telephone Applicants' undersigned representative at the number listed below.

Respectfully submitted,

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Date: 9/14/01

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**VERSION WITH MARKINGS TO SHOW CHANGES MADE****IN THE SPECIFICATION:**

**Paragraph beginning at line 8, page 11 and ending at line 31, page 11 has been amended as follows:**

Contactless interface 16 preferably comprises a radio frequency (RF) antenna [58] 62 having a coil of wire with an appropriate number of turns and diameter to tune the antenna to operate at a given frequency, such as 13.56 Mhz. Contactless interface 16 preferably meets the specifications for a contactless interface as set forth in the ISO standard number ISO 14443. Contactless RWD 20 has a corresponding contactless interface 64 having a similar RF antenna 66 tuned to operate at the same frequency. RF antenna 66 on contactless RWD 20 is powered by a local power supply 68 to generate an electromagnetic field, where some of the generated magnetic flux flows through RF antenna [66] 62 on card 12 and thereby induces a voltage. The voltage drives an electrical current that powers microprocessor 24 and a system clock on card 12. Further, contactless RWD 20 may include a processor 70 and a memory 72 for processing and storing electrical signals and data representative of algorithms and applications used to communicate with card 12. The operating range of contactless interface 16 may vary, but preferably the contactless interface allows smart card 12 to communicate with a compatible contactless RWD 20 in a proximity range of at least about 10 cm. Utilization of contactless interface 16 is advantageous because the contactless interface does not require a physical engagement of card 12 to a contact RWD, and also because the rate of data transfer is faster, thereby improving throughput. Additionally, the use of contactless interface 16 beneficially avoids use of contact interface 14, reducing wear and tear and associated degradation of contacts plates 50. Further, similar to contact interface 14, communications utilizing contactless interface 16 are secured utilizing secret keys and encryption algorithms to protect access to CPU 38 and memory 26. Thus, the contactless functionality increases the convenience and ease of use of card 12.